

## BEHAVIORAL HEALTH

### OVERVIEW OF BUDGET DEPARTMENT: BEHAVIORAL HEALTH DIRECTOR: RUDY G. LOPEZ

2003-04

	<u>Appropriation</u>	<u>Revenue</u>	<u>Local Cost</u>	<u>Fund Balance</u>	<u>Staffing</u>
Behavioral Health	121,296,698	119,453,945	1,842,753	-	686.2
Alcohol & Drug	20,063,339	19,913,881	149,458	-	91.5
Special Patient	16,600	3,800		12,800	-
Total	141,376,637	139,371,626	1,992,211	12,800	777.7

### BUDGET UNIT: BEHAVIORAL HEALTH (AAA MLH)

#### I. GENERAL PROGRAM STATEMENT

The Department of Behavioral Health (DBH) is responsible for providing mental health services to county residents who are either unable to afford treatment or do not live in proximity to private services. Treatment is provided to all age groups, with primary emphasis placed on treating children, families and chronically mentally ill adults (in that priority). Services are delivered throughout the county via a network of department operated clinics, community based contract providers (residential and psychiatric skilled nursing facilities and acute hospitals), public schools and other community based settings. Services include: information and referrals, community outreach, client self-help and support groups, a variety of children's programs, mentally ill homeless program, employment services, case management, crisis and transitional residential assistance, augmented board and care placements, conservatorship services, supportive housing services and client transportation assistance. The department also operates as a training setting by administering various internship programs and offering continuing education for licensed department and contractor staff.

Mental health services are principally funded by realignment funds generated from state sales tax and vehicle license fees (56%), state revenues (18%) and federal revenue (23%). The remaining three percent of revenue sources are insurance/patient fees and other miscellaneous revenue. In addition, the county must fund the required realignment revenue maintenance of effort (MOE). The department's local cost of \$1,842,753 finances the required MOE.

#### II. BUDGET & WORKLOAD HISTORY

	<u>Actual</u> <u>2001-02</u>	<u>Budget</u> <u>2002-03</u>	<u>Actual</u> <u>2002-03</u>	<u>Budget</u> <u>2003-04</u>
Total Requirements	94,992,130	113,215,605	117,341,111	121,296,698
Total Revenue	93,149,377	111,372,852	115,498,359	119,453,945
Local Cost	1,842,753	1,842,753	1,842,752	1,842,753
Budgeted Staffing		734.1		686.2

#### **Workload Indicators**

Inpatient Days	43,550	43,625	-	-
Habilitative Day Treatment Days	57,884	54,000	-	-
Outpatient Service Hours	540,779	517,854	-	-
Residential Days	109,597	117,000	-	-
Unduplicated Clients	34,014	32,140	-	-
Managed Care Autho/Reviews/Claims	35,804	32,848	-	-

#### **Direct Billable Hours:**

CLINIC	185,996		242,418	202,754
CONTRACT	59,402		107,684	68,104
Fee For Service	22,552		34,220	24,205
Medical Administrative Activity Hours	29,987		33,087	33,496
Quality Assurance hours	7,961		15,532	8,120
Outreach hours clinic & contract	69,506		84,865	75,764

#### **Day Treatment Hours:**

Habilitative (Clinic and Contract)	57,884		56,692	-
Intensive			59,639	20,800

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Significant variances between actual and budget for 2002-03 existed in contract agency costs, state hospital costs and state aid.

The ARMC contract was re-negotiated which translated into an additional cost of \$5.0 million for 2002-03; increased rates more accurately reflect the cost for providing treatment at ARMC. The 2003-04 cost impact of this rate adjustment is estimated at \$5.2 million.

State hospital costs were expected to drop by 50% in the current year due to the anticipated addition of the Assertive Community Treatment (ACT) contract. ACT services enable the consumer to live in lower levels of care at a lower cost to the county. However, due to a lengthy RFP process, the ACT contract was not in place until mid-year and as a result the state hospital bed usage remained the same. The ACT contract provides services to mentally ill consumers who are high users of emergency and inpatient psychiatric services and those at risk of needing such care. DBH is actively trying to transition patients away from the higher-level setting and the 2003-04 budget reflects the anticipated change.

The 2002-03 budget included state aid for AB3632, SB90 and full Children's System of Care (CSOC) funding. AB3632 is a state mandated program for services to special education pupils (SEP) and state revenue of \$721,688 was included in the 2002-03 budget for this program. Additional funds of \$900,000 (primarily for the AB3632 program) were budgeted as SB90 revenue to cover the portion of mandated program costs beyond the budgeted revenue. The SB90 program reimburses the county for unfunded state mandated services. Funding for both these programs was eliminated from the state budget. In addition, half of the funding (\$650,000) budgeted for the CSOC program was also eliminated. CSOC provides services to seriously emotionally disturbed children at risk for out of home placement and those children already in placement who are at risk for higher levels of care. In an effort to offset the reduction in funding, the department postponed planned system upgrades (\$900,000). Realignment revenue was used to backfill the remaining revenue losses.

Workload indicators have been changed to better reflect the activity of department staff. With regionalization in the department and a move towards the Recovery Model, the existing workload indicators did not provide a tool that could be used to measure outcomes. The department is moving away from Day Treatment Habilitative services and focusing more on providing Intensive Day Treatment. Intensive Day Treatment is designed to prevent hospitalization for high-risk consumers and places an emphasis upon assessment of consumers' activities of daily living and vocational skills, and services targeted at enhancing clients' self-sufficiency and ability to function as members of the community.

### III. HIGHLIGHTS OF BOARD APPROVED CHANGES TO BUDGET (see attachments for detailed changes)

#### **STAFFING CHANGES**

Budgeted staffing changes include the deletion of 47.9 budgeted vacant and Extra Help positions as part of the Department's plan to reduce use of Realignment funding. The proposed budget also includes an increase of \$583,000 to fund an MOU between DBH and the Human Services System (HSS). The MOU provides for 12 HSS positions (which will be retained by HSS) for assignment to DBH clinics. These positions will enable DBH to: expand the centralized employment component to all the regions of the county, assist clients in obtaining health benefits, screen and refer potential clients to needed services.

#### **PROGRAM CHANGES**

The majority of Behavioral Health services are funded with State Realignment revenues. In recent years, appropriations have included a combination of ongoing Realignment funds as well as use of unspent Realignment fund balance. Analysis of projected revenues, as well as use of fund balance over the next two fiscal years, indicated the need to significantly reduce expenditures beginning in 2003-04 rather than attempt to make dramatic cuts in 2004-05. To better align spending with receipt of ongoing Realignment funding, this budget proposes a fiscal "glide path" which spreads cuts over two fiscal years. The 2003-04 budget would reduce the department's reliance upon Realignment funding by approximately \$8.0 million.

The department reduced operating costs as part of a two-year plan to decrease use of Realignment fund balance. These cost reductions include a net decrease of \$8.5 million in services and supplies expenditures primarily due to a \$6.2 million reduction in contracted services to align with 2002-03 service levels. Other reductions include \$1.1 million in equipment costs by foregoing office furniture purchases, and suspending the personal computer replenishment program. Expenditures for software were decreased by \$1.38 million.

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Reductions also included the redesignation of \$6.5 million in structure leases and Fee for Service Inpatient payments as Transfers to comply with recent accounting guideline changes (GASB 34). The decreases were partially offset by an increase of \$5.2 million in the contract with the Arrowhead Regional Medical Center for inpatient services. Other increases include \$1.3 million for medications provided to adult inmates (a cost previously borne by general fund allocation to the Sheriff's Department), \$961,000 in COWCAP charges, and \$550,000 for anticipated payments to Fee-For-Service providers for outpatient services to indigents in the high desert region.

State, federal and governmental aid reflects a net decrease of \$7.6 million. Approximately \$3 million in funding for CSOC, AB3632 and SB90 programs was eliminated by the state and \$527,000 in state grant funds for the Mentally Ill Offender program was discontinued (the grant program concluded). Other decreases included a \$1 million reduction in Medi-Cal FFP and a \$7.8 million reduction in use of Realignment funds. These decreases were offset by a \$2.5 million increase in EPSDT revenue, and \$525,000 in combined increased revenues for Managed Care, Homeless Recovery and Medicare. In addition, \$1.8 million was reclassified from other charges to the state, federal and governmental aid category to conform to accounting guidelines.

In addition to the program changes described above, the Board approved the following adjustments to the 2003-04 budget. Salaries and benefits increased \$4.7 million due to increased MOU, retirement and workers compensation costs. Services and supplies increased by approximately \$11 million as a result of Board approved expansion of the EPSDT program. State, Federal and Governmental Aid increases included \$5.5 million in Medi-Cal to fund 50% of the EPSDT contracts and \$10.2 million in realignment revenue (\$5.5 for EPSDT and \$4.7 to fund salary and benefit increases).

GROUP: Human Services System DEPARTMENT: Behavioral Health FUND: General AAA MLH			FUNCTION: Health & Sanitation ACTIVITY: Hospital Care		
	2002-03 Actuals	2002-03 Approved Budget	2003-04 Board Approved Base Budget	2003-04 Board Approved Changes to Base Budget	2003-04 Final Budget
<b>Appropriation</b>					
Salaries and Benefits	41,805,578	42,382,851	47,012,411	(1,085,253)	45,927,158
Services and Supplies	64,896,741	60,740,763	72,034,200	(8,573,384)	63,460,816
Central Computer	550,342	550,342	407,902	-	407,902
Other Charges	4,301,849	2,943,804	2,943,804	1,160,421	4,104,225
Equipment	-	198,000	198,000	(198,000)	-
Transfers	1,838,745	2,462,419	2,462,419	2,287,920	4,750,339
Total Exp Authority	113,393,255	109,278,179	125,058,736	(6,408,296)	118,650,440
Reimbursements	(4,091,776)	(4,198,074)	(4,198,074)	101,579	(4,096,495)
Total Appropriation	109,301,479	105,080,105	120,860,662	(6,306,717)	219,634,050
Operating Transfers Out	8,039,632	8,135,500	8,135,500	(1,392,747)	6,742,753
Total Requirements	117,341,111	113,215,605	128,996,162	(7,699,464)	121,296,698
<b>Revenue</b>					
Current Services	294,391	289,666	289,666	(21,167)	268,499
State, Fed or Gov't Aid	113,660,432	109,341,375	125,121,932	(7,640,894)	117,481,038
Other Revenue	1,543,536	1,741,811	1,741,811	(37,403)	1,704,408
Total Revenue	115,498,359	111,372,852	127,153,409	(7,699,464)	119,453,945
Local Cost	1,842,752	1,842,753	1,842,753	-	1,842,753
Budgeted Staffing		734.1	734.1	(47.9)	686.2

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### Total Changes Included in Board Approved Base Budget

Salaries and Benefits	1,418,575	MOU.
	2,300,215	Retirement.
	643,249	Risk Management Workers' Comp.
	267,521	Full year funding for West Valley Detention Center mid-year minute order #79.
	<u>4,629,560</u>	
Services and Supplies	11,076,579	EPSDT minute order #60 dated January 14, 2003.
	225,752	Risk Management Liabilities.
	(8,894)	Incremental Change in EHAP.
	<u>11,293,437</u>	
Central Computer	<u>(142,440)</u>	
<b>Revenue</b>		
State, Fed or Gov't Aid	5,538,289	Increase in Medi-Cal for EPSDT contracts (minute order #60)
	5,538,290	Increase in realignment in lieu of state EPSDT revenue (minute order #60)
	4,703,978	Increase realignment required to fund base year adjustments.
	<u>15,780,557</u>	
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Total Requirements Change	15,780,557	
Total Revenue Change	15,780,557	
Total Local Cost Change	-	
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Total 2002-03 Requirements	113,215,605	
Total 2002-03 Revenue	111,372,852	
Total 2002-03 Local Cost	1,842,753	
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Total Base Budget Requirements	128,996,162	
Total Base Budget Revenue	127,153,409	
Total Base Budget Local Cost	1,842,753	

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### Board Approved Changes to Base Budget

Salaries and Benefits	583,854	ESS positions from HSS MOU.
	(1,567,535)	Reduction of 46.1 positions.
	(101,572)	Deleted 1.8 vacant positions.
	<u>(1,085,253)</u>	
Services and Supplies	5,201,000	ARMC contract increase.
	1,300,000	Medication for incarcerated adults.
	(3,500,000)	Fee-for-Service Inpatient payments now being paid out of operating transfers out.
	(3,083,909)	Real Estate services will be assuming responsibility for rents/lease payments. The budget has been recategorized to intra-fund transfers.
	(1,380,669)	Software reduction. Removed plans to upgrade the existing client data system.
	(1,117,256)	Reduce equipment; 1/3 PC replenishment has been put on hold and furniture orders are expected to be reduced significantly in 2003-04.
	961,137	COWCAP increase.
	(600,000)	Align budget with current year actuals for Fee-for-Service contracts.
	(468,247)	Reduction in incorporated MD contracts.
	(217,085)	Reduce professional fees.
	550,000	Anticipated Fee-for-Service provider payments for indigent services. This was not budgeted in 2002-03.
	135,097	Increase malpractice insurance.
	(100,000)	Decrease motor pool.
	(6,284,513)	Reduction in contracted services to 2002-03 levels.
	31,061	Miscellaneous changes.
	<u>(8,573,384)</u>	
Other Charges	1,324,961	Increase state hospitals costs.
	(164,540)	Reduction in interim assistance for clients.
	(1,842,753)	Local cost accounting change now reflected as operating transfers out.
	1,842,753	Local cost accounting change now reflected in revenue.
	<u>1,160,421</u>	
Equipment	<u>(198,000)</u>	No new equipment budgeted.
Transfers	2,903,909	Real Estate Services will be assuming responsibility for rents/lease payments. Previously budgeted in services and supplies.
	28,536	HSS Administration increase.
	127,271	EHAP costs.
	2,511	HRD salary and benefit cost increases.
	(500,000)	Eliminated reimbursement to the alcohol & Drug Program for aftercare services.
	(274,307)	Reduction in transfers to Public Health and Probation due to loss of CSOC funding.
	<u>2,287,920</u>	
Reimbursements	101,579	Reduction in interagency agreements.
	<u>101,579</u>	
Total Appropriation	<u>(6,306,717)</u>	
Operating Transfers Out	(5,635,500)	Phoenix construction project near completion.
	(1,100,000)	Reduce Building H project.
	1,842,753	Local cost accounting change. Reclassed from other charges.
	3,500,000	Fee-for-service Inpatient payments, formerly paid out of services and supplies.
	<u>(1,392,747)</u>	
Total Requirements	<u>(7,699,464)</u>	
Revenue		
Current Services	<u>(21,167)</u>	Anticipated decrease in patient pay and insurance.
State, Fed or Gov't Aid	(1,300,000)	CSOC funding eliminated.
	(721,668)	AB3632 funding eliminated.
	(900,000)	SB90 funding eliminated.
	(527,107)	Elimination of MIOCR I (SPAN) grant.
	(1,091,581)	Reduction in Medical FFP.
	173,553	Estimated increase in Medicare revenue.
	2,510,405	Change to EPSDT program base.
	(7,847,773)	Decrease realignment.
	104,809	State allocation increase for homeless program.
	247,960	State allocation increase for managed care program.
	1,842,753	Local cost accounting change reclassified from other charges.
	(30,673)	Miscellaneous.
	(101,572)	Reduce realignment revenue due to deletion of 1.8 positions.
	<u>(7,640,894)</u>	
Other Revenue	<u>(37,403)</u>	Reduction due to state-wide budget cuts.
Total Revenue	<u>(7,699,464)</u>	
Local Cost	<u>-</u>	